

## Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 02679 211707Z  
ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02  
OMB-01 DOE-11 AF-10 ARA-10 EA-10 NEA-10 OIC-02  
/159 W

-----108276 211708Z/47

P 211648Z FEB 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 6224  
INFO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE GENEVA 02679

USMTN

ACTION STR  
E.O. 11652: N/A  
TAGS: ETRD, MTN, CA  
SUBJECT: TABLING OF CANADIAN MTN OFFER ON INDUSTRIAL  
TARIFFS

1. CANADA TABLED ON FEBRUARY 17 ITS INDUSTRIAL TARIFF  
OFFER. (HAMERSCHLAG WILL HAND-CARRY TO WASHINGTON.) THE  
OFFER ONLY PROVIDES TARIFF-LINE DETAIL ON DEEPER-THAN-  
FORMULA REDUCTIONS AS WELL AS EXCEPTIONS FROM THE FORMULA  
AND LESS-THAN-FORMULA REDUCTIONS. ALSO PROVIDED IS THE  
TARIFF-CUTTING HYPOTHESIS WHICH CANADA USED TO ARRIVE AT  
A TRADE-WEIGHTED AVERAGE REDUCTION OF 40 PER CENT. THE  
TARIFF-LINE OFFER FOR PRODUCTS SUBJECT TO THE FORMULA  
WILL NOT BE AVAILABLE FOR SEVERAL WEEKS. CANADIAN OFFERS  
ON AGRICULTURE AND NON-TARIFF MEASURES ARE EXPECTED IN  
7-10 DAYS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 02679 211707Z

2. CANADA STATES THAT ITS OFFER, BASED ON THE SWISS FOR-  
MULA, USED THE FORMULA Y EQUALS X TIMES F DIVIDED BY X  
PLUS N, WHERE Y EQUALS THE PROPORTIONATE REDUCTION IN AN  
INITIAL RATE, X EQUALS AN INITIAL RATE, AND WHERE INITIAL-  
LY N EQUALS A CONSTANT OF 12, AND F EQUALS AN ADJUSTMENT  
FACTOR OF 0.7 WHICH IS DESIGNED TO RESULT IN A TRADE-  
WEIGHTED AVERAGE REDUCTION OF 40 PER CENT. A ROUGH CALCU-

LATION SHOWS THE CANADIAN FORMULA CUTTING TARIFFS AS FOLLOWS: 5 PER CENT TO 4, 7.5 TO 5.5, 10 TO 6.8, 12.5 TO 8, 15 TO 9.2, 17.5 TO 10.4 AND 20 TO 11.3. IMPORTS INTO CANADA HAVE BEEN ASSUMED TO ENTER AT MFN RATES. PHASING IS ASSUMED AT 8 YEARS BUT FOR SOME PRODUCTS LONGER-THAN-NORMAL PHASING OR DELAYED IMPLEMENTATION IS POSSIBLE. A NUMBER OF SPECIFIED OFFERS ARE LINKED TO ACTION ON NON-TARIFF MEASURES OR ON ACTION BY OTHERS TO REDUCE TARIFFS ON THE SAME OR SPECIFIED PRODUCTS IN RELATED CATEGORIES.

3. THERE ARE RELATIVELY FEW TOTAL EXCEPTIONS, LARGELY IN THE TEXTILES, FOOTWEAR AND STEEL SECTORS. LESSER-THAN-FORMULA CUTS ARE MORE NUMEROUS AND ARE CLUSTERED IN IRON AND STEEL, CHEMICALS, TEXTILES AND HOUSEHOLD APPLIANCES. UNFORTUNATELY THE CANADIANS ARE UNABLE TO PROVIDE AT THIS TIME STATISTICS TO SHOW THE TRADE IMPACT EITHER IN TOTAL OR BY CATEGORY. WITH ALL THEIR ENERGIES CONCENTRATED ON GETTING THE OFFER OUT, THE CANADIAN DEL HAS NOT HAD TIME TO ANALYZE THE TRADE IMPACT FIGURES BUT PROMISED THAT DATA WOULD BE MADE AVAILABLE SHORTLY.

4. COMMENT: ALTHOUGH DEL HAS NOT HAD A CHANCE TO STUDY OFFER, IT IS OBVIOUSLY HIGHLY COMPLEX, CLOSELY TAILORED TO CANADIAN INTERESTS AND WILL REQUIRE INTENSE STUDY BEFORE ANY CONCLUSION CAN BE REACHED. MOST SURPRISING WAS THE NUMBER OF CHEMICAL ITEMS GIVEN LESS-THAN-FORMULA REDUC-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 02679 211707Z

TIONS, SINCE CANADIANS HAVE FLAGGED PETROCHEMICALS AS A MAJOR AREA IN WHICH CONCESSIONS ARE SOUGHT.

5. DRAFTED BY HAMERSCHLAG. MCDONALD

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRY, TARIFFS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 feb 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978GENEVA02679  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780078-0314  
**Format:** TEL  
**From:** GENEVA USMTN  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780234/aaaabcfx.tel  
**Line Count:** 98  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** b70661d3-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** ONLY  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** ONLY  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3539268  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TABLING OF CANADIAN MTN OFFER ON INDUSTRIAL TARIFFS  
**TAGS:** ETRD, CA, MTN  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/b70661d3-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014